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ABSTRACT

A nationwide survey examined the role of educational credentials in the employment practices of private sector companies and institutions. In September 1983, surveys were mailed to a random sample of 1,500 members of the American Society for Personnel Administration. A follow-up mailing was conducted a month later. A total of 643 completed surveys (43 percent) were returned. Finance, insurance, and real estate companies were slightly overrepresented in the sample, and wholesale and retail companies were probably underrepresented. More than 90 percent of those responding place either a major or moderate emphasis on educational credentials, with larger companies tending to emphasize them more than smaller companies. Overall, about 18 percent of the employees covered in the study are working in positions that require less than a high school diploma. Twenty-three percent of the responding companies have no jobs that require less than a high school diploma. About half of the companies in the study sample have fewer than 8 percent of their employees in jobs requiring less than a high school diploma, and approximately 15 percent of the companies have 50 percent or more of their employees in such jobs. About 38 percent of the employees are working in positions requiring a high school diploma or equivalency credential, and about 16 percent of the positions require certification beyond the high school level. About 25 percent of those surveyed request a copy of job applicants' educational credentials, and nearly 40 percent request a copy of applicants' educational transcripts. (MN)

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AMERICAN COUNCIL ON EDUCATION

RESEARCH BRIEF

OFFICE ON EDUCATIONAL CREDIT AND CREDENTIALS MAY 1985

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Educational Credentials in Employment: A Nationwide Survey[1]

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American Council on Education

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ABSTRACT

This nationwide survey was designed to determine the role of educational credentials in the employment practices of companies and institutions in the private sector. Fifteen hundred members of the American Society for Personnel Administration were asked to indicate their company's emphasis on educational credentials in its employment practices and to rate the importance of various skills and attitudes for most employees in jobs that require not more than a high school diploma or equivalency credential. Employers reported placing considerable emphasis on educational credentials. About one-fourth of the companies have no jobs for adults with less than a high school diploma or equivalency credential. At approximately half of the companies, persons hired with less than a high school diploma can enhance their opportunities for promotion by obtaining a high school equivalency credential.

INTRODUCTION

During fall 1983, the American Council on Education's Office on Educational Credit and Credentials conducted a nationwide survey entitled *Educational Credentials in Employment*.[2] The study was co-sponsored by the American Society for Personnel Administration (ASPA) and the American Society for Training and Development (ASTD). The survey focused on the emphasis employers place on educational credentials and on whether employers make distinctions among a traditional high school diploma, a high school equivalency (GED) credential, or an alternative degree program certificate in hiring or promoting employees. In addition, employers were asked to indicate the importance of certain skills and attitudes for most people employed by their company in jobs that normally require not more than a high school diploma or equivalency credential.

METHOD

Sample and Procedure: In September 1983, surveys were mailed to a random sample of 1,500 ASPA members.[3] The person responsible for hiring in each company was asked to complete the survey. A follow-up mailing was conducted during October 1983. Six-hundred forty-three completed surveys (43%) were returned. To determine the type of responding companies, employers were asked to indicate their company's Standard Industrial Classification (SIC). Figure 1 shows that most respondents were from manufacturing or service industries.

RESULTS

Number of People Employed: The companies responding to the survey employ between two and thirty-five thousand people. The typical company—based on the median—has about 275 employees. Nearly 98% of the companies have ten or more employees. Approximately 40% of the companies have 200 or fewer employees, 26% have between 201 and 500 employees; and 34% have more than 500 employees. Overall, the responding companies probably under-represent the number of wholesale and retail companies nationally. The number of finance, insurance, and real estate companies is slightly over-represented (Bureau of Census, 1983, *County Business Patterns, 1981*, Table 1B).

[1]Revision of paper presented at the 1984 National Adult Education Conference, Louisville, KY, November 9, 1984 at the session entitled "Credentials and Employment: Learning in the Workplace."

[2]The authors acknowledge and appreciate the assistance of the project advisory board: Catherine D. Bower, Vice-President of Communications, American Society for Personnel Administration; Dorothy C. Fenwick, Associate Director, ACE Office on Educational Credit and Credentials; Carnie Ives Lincoln, C. W. Lincoln Associates, and Curtis E. Plott, Executive Vice-President, American Society for Training and Development, as well as the personnel directors and administrators who responded to this survey.

[3]A copy of the full report including the letter and the survey form mailed to participants describing the project may be obtained from the authors at the:

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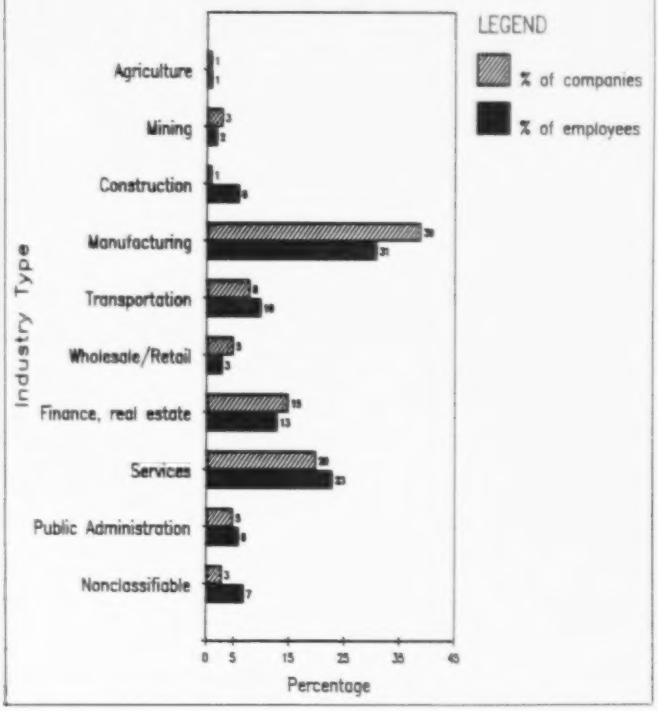
Emphasis on Educational Credentials: Employers were asked: WHAT EMPHASIS IS PLACED ON EDUCATIONAL CREDENTIALS IN YOUR COMPANY'S EMPLOYMENT PRACTICES?

More than 90% of those responding place either a major or moderate emphasis on educational credentials. This emphasis affects more than 95% of the people employed by these companies. As indicated in Figure 2, this finding was consistent across companies of various sizes. Approximately 42% of the companies with more than 500 employees place a major emphasis on educational credentials compared to 35% of the companies with between 201-500 employees, but, the relationship between company size and emphasis on credentials was not statistically significant. Those employers who responded "NONE" (2%) were instructed not to respond to the items about documentation, opportunities, etc. described below.

Employers were asked to indicate the percentage of people employed by their company in jobs that required: less than a high school diploma, a high school diploma or equivalency credential, certification or degree beyond high school, or a degree from a college or university. Figure 3 shows the percentage of employees in jobs by educational credential.

Overall, about 18% of the employees are working in positions that require *less than a high school diploma*. Twenty-three percent of the companies responding have no jobs that require less than a high school diploma. About one-half of the companies have fewer than eight percent of their employees in jobs requiring less than a high school diploma. Approximately 15% of the companies have a majority (50% or more) of their employees in such jobs.

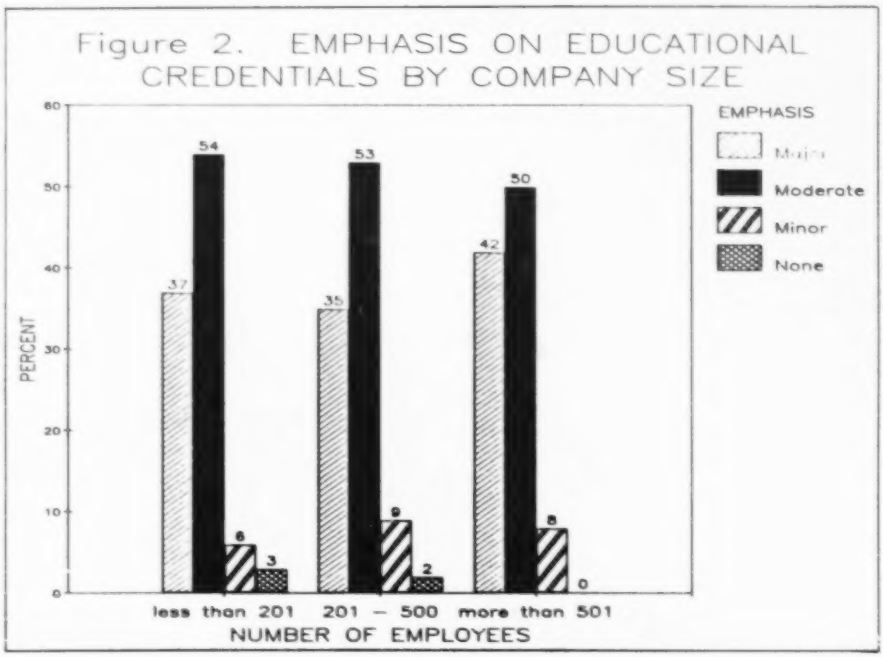
Figure 1. STANDARD INDUSTRIAL CLASSIFICATION OF RESPONDING COMPANIES



Overall, about 38% of the employees are working in positions that require a *high school diploma or equivalency credential*. About one-half of the companies responding have 40% or fewer employees in jobs that require a high school diploma or equivalency credential. Approximately 37% of the companies have a majority of their employees in such jobs.

Overall, about 16% of the people are working in positions that require *certification beyond the high school level*. Six percent of the companies have no employees in jobs that required such certification. Half the companies have less than 11% of their employees in this category. Approximately three percent of the companies have a majority of their employees in such jobs.

Figure 2. EMPHASIS ON EDUCATIONAL CREDENTIALS BY COMPANY SIZE

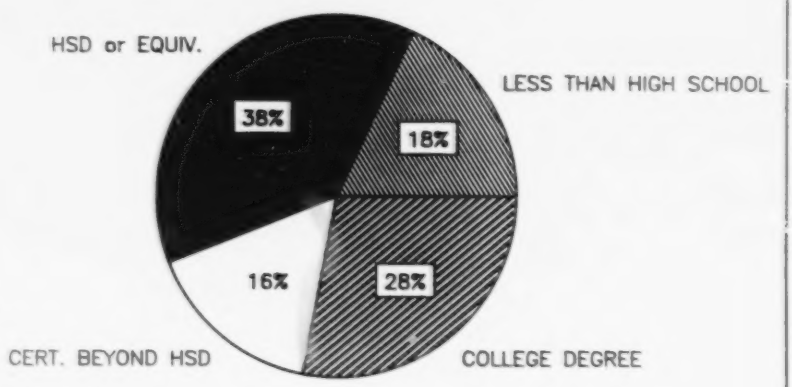


Overall, about 28% of the employees are working in positions that require a *college degree*. About one percent of the companies have no employees in jobs requiring a college degree. Approximately 15% have a majority of their employees in jobs that require such a degree.

Documentation of Credentials: Approximately 25%

of the employers (ranging from 36% for transportation industries to 11% for finance and real estate companies) request a copy of job applicant's educational credential (i.e., copy of actual diploma). Nearly 40% request a copy of the educational transcript (e.g., listing of courses and the grades obtained). About half of the transportation companies compared to about one-fourth of the finance and real estate companies request copies of transcripts. There were no statistically significant[4] relationships between company size and credential documentation practices. An additional ten percent of the employers verify the awarding of credentials for positions requiring a college degree by telephoning the institution directly rather than by requesting copies of transcripts or diplomas.

Figure 3. PERCENTAGE OF EMPLOYEES IN JOBS BY EDUCATIONAL CREDENTIAL



HSD = High school diploma

Opportunities: More than 96% of the companies give persons holding traditional high school diplomas and persons holding equivalency credentials the same starting salary. Nearly 97% provide the same initial level of employment to these persons. Approximately 98% of the companies provide the same opportunity for advancement to persons holding traditional high school diplomas and persons holding equivalency credentials. Nearly 50% of the companies responding indicated that for persons hired with less than a high school diploma, obtaining an equivalency credential would enhance opportunities for promotion.

Company Educational Program: Approximately 57% of all companies (ranging from 78% of the transportation industries to 24% of the retail industries) have a tuition reimbursement program in effect to encourage persons with less than high school completion to earn their diploma. About nine percent offer released time to employees; 17% provide on-site training—ranging from 31% of the transportation industries to five percent of the retail industries—for this purpose. Larger companies are more likely than smaller companies to offer on-site courses and tuition reimbursement.

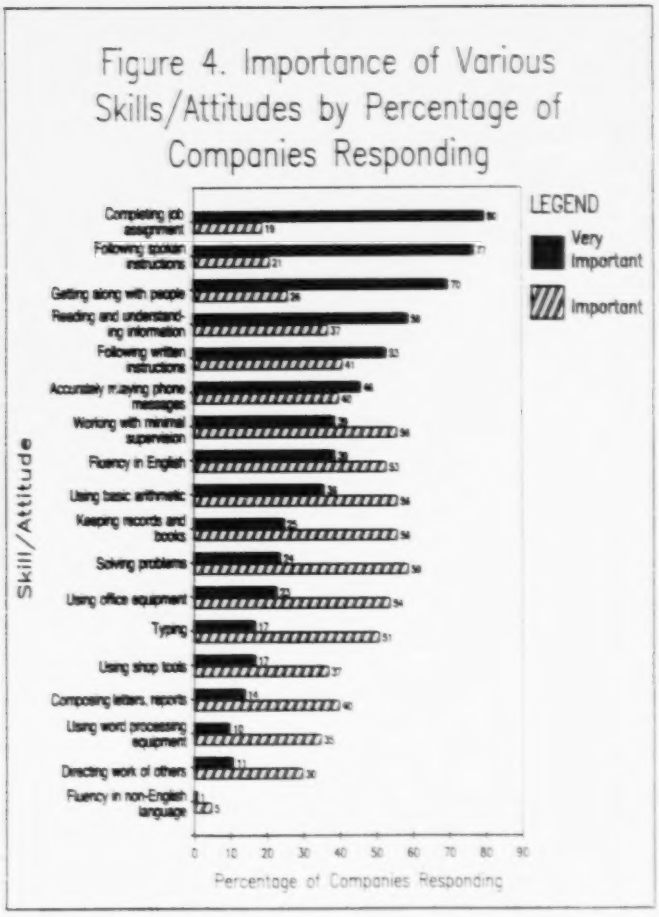
Tuition reimbursement is provided by nearly 75% of the companies in which employees who had not completed high school but earned an equivalency credential would enhance opportunities for promotion provide tuition reimbursement; 12% offer released time; and about 25% give on-site courses.

Skill/Attitudes: Depending on the occupation, a variety of skills and attitudes may be essential to successful job performance. Employers were asked to rate the importance of certain skills and/or attitudes for most persons working in jobs that normally do not require more than a high school diploma or equivalency credential. The following rating scale was used: V = Very Important; I = Important; N = Not Important. Figure 4 shows the percentage of companies responding either very important or important to the various skills.

The two most highly rated skills were accurately completing the job assignment and following spoken instructions. In contrast, less than 20% of the companies responding rated typing, composing letters and reports, using shop tools, using word processing equipment, directing the work of others, and fluency in a foreign language as very important. This information may be useful in future curriculum and test development activities of organizations working with adults who have not completed high school (e.g., developing curriculae that address employers' needs and values).

Conclusions: Employers place considerable emphasis on educational credentials. Adults holding high school equivalency credentials are afforded the same opportunities by employers as adults with traditional high school diplomas. Getting along with people, the ability to read and understand information, and following spoken and written instructions were considered either "very important" or "important" by nearly all employers for most people employed in jobs that normally require not more than a high school diploma or equivalency credential. These findings are consistent with those reported in *High Schools and the Changing Workplace: The Employers' View* (National Academy of Sciences, 1984). Twenty-five percent of the companies have no jobs for adults with less than a high schol diploma or equivalency credential. Almost half of the companies responding indicated that persons hired with less than a high school diploma would enhance their opportunities for promotion by obtaining an

[4] $p = .05$.



equivalency credential. Approximately seventy-five percent of these companies do have tuition benefit programs. A recent study of corporate tuition aid programs of the *Fortune 1000—industrial* Fortune 500 and the *service* Fortune 500—found that nearly all of the companies that replied have a tuition benefit program (O'Neill, 1984). Adults should be informed of these practices, especially because 44% of the adults currently employed are in positions that require training beyond the secondary level.

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